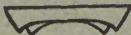




THE
**BEET SUGAR
QUESTION.**

**Possibility of Establishing a
New British Industry.**

By the EARL OF DENBIGH:



ONE PENNY.

THE BEET SUGAR QUESTION.

POSSIBILITY OF ESTABLISHING A NEW BRITISH INDUSTRY.

BY THE EARL OF DENBIGH.

In view of the rapidly increasing interest in the advantages that would be gained by establishing the beet sugar industry in the British Isles, the following observations are respectfully submitted:—

Owing to the continued increase in the manufacture of beet sugar on the continent, an attempt was made in the sixties to start a factory at Lavenham in Suffolk. For a variety of reasons, which had nothing to do with the actual growing of sugar beet and from circumstances

which do not at present apply, this factory was abandoned after the Franco-German war, when bounties on the Continent were greatly increased.

In consequence of these bounties, sugar growing in this country was impossible as a commercial proposition until they were abolished by the Brussels Convention in 1903, as nobody would invest money in an industry liable at any moment to be killed by cheap bounty-fed importation.

PROGRESS OF THE INDUSTRY IN PROTECTED COUNTRIES.

Meanwhile the industry had gone ahead in almost every country in the world, except England, where the general public knew nothing about it. In America, twenty-five years ago, but little beet sugar was produced; in 1902-3 the production was 195,463 tons, increased in 1909-10 to 425,000 tons.

The following is a quotation from a recent letter to the Press by that well-

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known expert and authority, Mr. George Martineau, C.B. :—

“Last year we imported 1,760,158 tons of sugar, of which 945,505 tons were refined beetroot sugar, 522,260 tons raw beetroot sugar, and only 292,393 tons cane sugar. Fifty years ago all our refined sugar came from our own refineries. Now our neighbours send us nearly a million tons.

Sixteen European countries now produce 6,499,000 tons of beetroot sugar, made from 40,929,700 tons of roots, the produce of more than 4,000,000 acres of land. I send you these brief facts because there are very few people in this country who are aware of them. During the season 1908-9 the German factories paid dividends of 20 to 30 per cent., although raw beetroot sugar was only fetching 10s. per cwt. They now extract from 15 to 17 per cent. of sugar from the roots.

What a magnificent industry, and

our people do not even know of its existence ! ”

The processes of extraction of the sugar from the beet have been cheapened and improved ; whilst by constant careful selections of seed, the percentage of saccharine in the beet, which 40 years ago was about 9 per cent., in these days has been increased to from 15 to 17 per cent. This means that over 65 per cent. more sugar can now be produced from the same acreage of ground.

THE AGRICULTURAL VALUE OF BEET SUGAR.

The industry has proved of the greatest value everywhere. It improves the fertility of the land, since good cultivation and careful weeding are necessary ; it provides a valuable cattle food from the residue and finds employment in the local factories during the winter months for much unskilled labour. The sugar industry would put new life into our arable districts and greatly benefit British agriculture.

Unfortunately, until the last few years, very few people in this country realised these neglected possibilities ; but, little by little, successful experiments in the growing of sugar beet have conclusively disproved the popular idea that our English climate is unsuited to it. Nothing is now wanted to give the industry a start but capital and organisation.

LOCAL FACTORIES ESSENTIAL.

Local factories are essential. They should be of such a capacity as to be able to treat at least 30,000 to 40,000 tons of roots annually. At 16 tons to the acre, which is what we ought to grow (though the Continental average is only about 12 tons per acre), this would require over 2,000 acres under beet—say, within ten miles of the factory. The factory should make contracts for fully five years' supply, consequently the price paid for the roots must be such as to convince the farmer that it will be a remunerative crop for him to grow.

Representatives of a Dutch factory have recently been attempting to make contracts with Lincolnshire farmers for the delivery of sugar beet on the coast for shipment to Holland. The price offered was 17s. per ton delivered f.o.b. As the cost of freight to Holland would be about 6s. per ton, this shows that if the roots could be delivered to a local factory in England the latter could afford to add most of this 6s. to the price of the roots.

COST OF PRODUCTION AND PROFITS.

Under favourable conditions for labour, &c., farmers should be able to grow the roots at a cost of from £9 to £10 per acre, all inclusive. If, therefore, they could grow 15 to 16 tons per acre, as experience with small experimental plots has proved should be the case on good English land, and if they could receive about £1 per ton for the crop delivered, sugar beet would be a very satisfactory and remunerative crop and provide the

farmer with a net profit of from £6 to £7 per acre.

The capital required to start each factory of the above capacity would be about £100,000, more or less, according to local circumstances.

The annual output would be from 4,000 to 5,000 tons of sugar, and about an equivalent amount of dried slices for cattle food, besides molasses.

In Germany, taking an average of about £1 per ton paid for the roots, the cost of production per cwt. of raw sugar is from 8s. to 9s. The present price of 14s. 6d. per cwt. f.o.b. Hamburg, is altogether abnormal, and is the result of a bad crop last year and considerable speculation. This is shown by the fact of quotations for delivery of the next crop, in October, being some 3s. per cwt. less. It must be remembered that on the Continent the industry is highly organised and developed, and that many difficulties would have to be overcome in England before profits on the Continental scale could be earned by British factories.

THE EXCISE DUTY QUESTION.

The whole question now hangs on the matter of excise duty, and whether, as an "infant industry," protection can be assured to home sugar manufacture for, at all events, a reasonable number of years.

In certain localities where the soil is good, labour plentiful, coal cheap, and conditions generally favourable, no doubt a profit could be made even if the factory had to pay excise duty on its production. What, however, is wanted is to establish the industry generally, thus bringing again under the plough much of the land that has gone down in inferior grass and attracting to the rural districts the population that is steadily leaving them.

There are about 4 million acres less under the plough than was the case 50 years ago, whilst during the same period the number of people on the land has decreased by about 800,000. Nothing is so urgently wanted as the establishment in rural districts of industries directly dependent on agriculture.

In many places factories can only be made to pay during the initial stages of difficulty if home-made sugar is protected. Consequently, it is useless to look for any widespread construction of factories while a fear remains of excise duty being charged equal, or nearly equal, in amount to the import duty. On the other hand, nothing would quicker attract capital or give a greater impetus to the industry than a change of policy with regard to this excise duty. The dearth of labour in many of the country districts is the chief difficulty to be faced. Local sugar companies would probably have to go to considerable expense in the erection of cottages, and men would have to be attracted back to the land by good wages.

This, of course, would mean an increase in the cost of production, and any such increase must fall on the factory. Under existing conditions a remission of excise duty would mean an extra profit of 1s. 10d. per cwt. of sugar manufactured, and would make all the difference between possible profit and loss in the initial stages.

THE EMPLOYMENT VALUE OF A BEET SUGAR INDUSTRY.

If we ourselves only grew one-quarter of the £20,000,000 worth of sugar that we import, we should require over one hundred factories of the size of the one recently contemplated at Sleaford. Some thousands of men would get employment, most of them unskilled men, who now find it hard to obtain work in the winter. Fully £6,000,000 worth of plant alone would be erected, without counting the cost of buildings. Much money would be spent on upkeep and renewals. Mechanics, engineers, and fitters would be wanted in large numbers for an industry that would rapidly spread and which to-day is non-existent. Engineering firms would manufacture a highly specialised plant for which in this country there is no demand at present. Collieries and railways would benefit, whilst some millions of bags would be wanted for the sugar. Sugar refineries would once more look up and much employment would be provided there.

New methods of agriculture would be necessary, intensive cultivation would increase, and the general fertility of the land would improve.

Any land that will grow mangels will grow sugar beet, and from six to nine tons of the latter are required for one ton of sugar, according to the percentage of sugar in the roots and the method of extraction that may be employed. The Steffen process, which was to have been used at Sleaford, would require about 9 tons of 15 per cent. beet. This process leaves a considerable amount of sugar in the residue, which, thereby, when dried, becomes more valuable as a cattle food, and has recently been selling readily in Germany at over £6 per ton. On good land, with good manuring, sugar beet can be grown year after year and give good results.

CO-OPERATION AND SMALL HOLDERS.

The beet sugar industry lends itself greatly to co-operation. On the Continent many of the factories are owned

by the neighbouring landowners and farmers. Why do not our great Co-operative Societies, with their ample cash resources and distributing organisation, look seriously into this matter ?

It is also an industry of great use to small holders, since the small farmer always finds more difficulty than does the large producer in marketing his produce well. It is a great convenience to him to be able to grow a crop for which he can obtain cash by raising and delivering it at the local factory. The small holder also has the opportunity of getting employment in the factory, and so not being entirely dependent on his holding.

CONTINENTAL PRODUCTION.

The following figures relating to Continental production may be of interest :—

Average of 10 years—1899-1909.						
		Roots Per Acre. Tons.			Sugar Per cent of Roots.	Sugar Per Acre. Tons.
Germany	...	11'868	...	15'49	...	1'83
Austria-Hungary	...	9'682	...	15'02	...	1'45
France	...	11'272	...	12'84	...	1'44
Russia	...	5'786	...	14	...	'81
Belgium	...	12'14	...	13'97	...	1'69
Holland	...	10'6	...	14'47	...	1'54
Sweden	...	10'9	...	14'37	...	1'56
Denmark	...	11'03	...	13'13	...	1'44

It may be asked why 15 to 16 tons per acre are reckoned on for an English crop when the Continental average is so much lower. The only answer at present available is that on so many experimental plots up to one and two acres in size, the larger crops have been grown. Farmers round Sleaford who have grown sugar beet experimentally for some few years, are confident that on their land they can grow fully 15 tons to the acre, and probably more.

It may be that the English climate is more suited to heavy crops than the Continental climate, but it must be remembered that weight of sugar per acre, and not weight of roots per acre, is what must be aimed at in the sugar industry. Too heavy manuring, shallow ploughing, and bad cultivation generally, will tend to produce roots that are coarse, fangy, and unsuited to sugar production. The best roots are those of medium size and good shape, and the art of producing these will have to be learnt by many of our agriculturists.

WHY STATE AID IS REQUIRED.

The uncertain factor in connection with starting the Sugar Industry in England is the amount of sugar per acre which farmers would be able to obtain when dealing with large quantities of sugar beet, and the cost to the farmer of producing the same. It is this uncertainty which makes it necessary for an English factory to offer a really good price for the purpose of securing contracts ahead for the raw material, and which also makes it at present difficult to obtain the required capital for factories.

It is also, therefore, this uncertainty which makes it so desirable that Parliament should give official encouragement and help in the initial stages, having regard to the importance of establishing sugar production as a national industry.

I beg, therefore, to urge in the strongest terms that there is no industry so badly wanted in this country as that of growing and manufacturing sugar. It is a crying shame that, owing to the rigid tenets of our present fiscal system, the Government

have, so far, absolutely refused to recognise its importance and assist in its development.

THE PRESENT SITUATION.

The present situation with regard to the excise duty is as follows :—

The Government admit that so long as the import duty on sugar is at its present figure—below 2s. 6d. per cwt.—there is no obligation on us under the Brussels Convention to impose an excise duty.

They also state that legislation would be required before an excise duty could be imposed. This is because in the Finance Act of 1901 imposing an import duty on sugar no mention is made of any sugar except that which is imported, since all sugar was (and is still) imported.

The Government contend, however, that the concluding words of Clause 2 of the "Sugar Convention Act, 1903," quoted below, compel the imposition of an excise duty, though this contention seems inconsistent with the statement that fresh legislation would be required to carry this out.

The Clause states : " The duties payable under the Finance Act, 1901, or any Act, amending that Act, shall be taken on the delivery of any article from the factory or refinery, and shall be the same as those payable on the like articles on importation."

I have already pointed out that the Finance Act, 1901, deals only with import duties so far as sugar is concerned, therefore it is difficult to understand how any obligation to impose an excise duty can be interpreted thereby. This point still requires to be satisfactorily cleared up.

TIME FOR ACTION.

For the purpose of educating the public and calling attention to the subject, strenuous action by Chambers of Agriculture and of Commerce, and by all agricultural, engineering, and commercial organisations, is now required. The Government should be persistently pressed on all sides in order to make them realise that it is a matter of national importance ; that a change of policy with regard to it is absolutely essential ; and that, as an

“infant industry” protection should be accorded to it even if the country decides to continue what is known as the policy of “Free Trade.” The result would tend to reduce the price of sugar by increasing the area of supply, whilst at the same time creating in the British Isles a new and much-needed source of employment.

DENBIGH.

March 28th, 1910.

A FREE TRADE VERDICT.

The following well-known passage from John Stuart Mill’s “Principles of Political Economy” gives the verdict of our greatest orthodox political economist since Adam Smith, on just such a question as is raised to-day in connection with the proposal to establish a British beet sugar industry :—

“The only case in which, on mere principles of political economy, protecting

duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalizing a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production, often arises only from having begun it sooner. There may be no inherent advantage on one part, or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire, may in other respects be better adapted to the production than those which were earlier in the field; and besides, it is a just remark of Mr. Rae, that nothing has a greater tendency to promote improvements in any branch of production, than its trial under a new set of conditions. But it cannot be expected that individuals should, at their own risk, or rather to their certain loss, introduce a new manufacture, and bear the burthen of carrying it on until the producers have been educated up to the level

of those with whom the processes are traditional. A protecting duty, continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment."—
From "Principles of Political Economy,"
Book V., chapter 10, par. 1.

MR. BALFOUR ON THE BEET SUGAR QUESTION.

In the course of a letter to Mr. Balfour, dated April 13th, 1910, Mr. G. L. Court-hope, M.P., wrote: "The cultivation of sugar-beet in this country would give a great impetus to rural employment and prove an incalculable boon to the farming community. But capitalists hesitate to invest in the establishment of sugar factories while a doubt remains as to the duty which may be levied upon home-grown sugar. The Brussels Convention allows a difference between Customs and

Excise of 2s. 6d. per cwt. in favour of the home producer. If confidence were felt that under present circumstances a Tariff Reform Government would impose no Excise duty upon an infant sugar industry, there is no doubt that factories would spring up at once and a large amount of employment be provided in the cultivation and manufacture of sugar."

In his reply, dated April 15th, 1910, Mr. Balfour wrote:—"Your second question relates to the cultivation of sugar-beet. There cannot be the smallest doubt of the value of this form of industry to our rural population, as it gives employment at the very time of year when work is least in demand for other operations connected with agriculture. I should certainly desire to support any practicable scheme which might encourage the early stages of this infant industry."

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